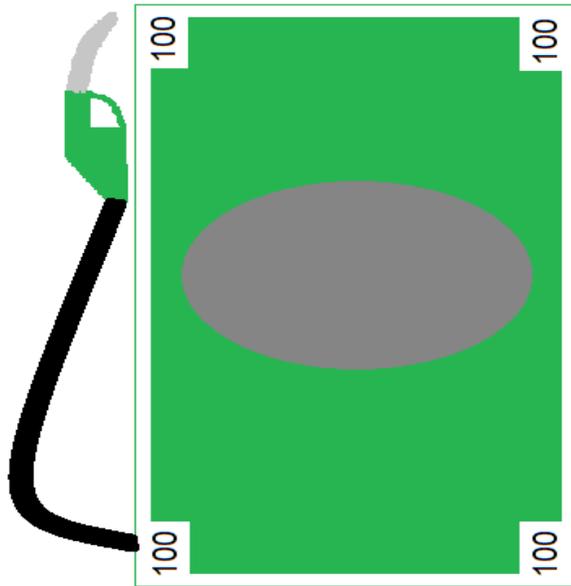


## Why IFTA Fuel Tax Calculation for Trucking is Necessary?



## Fuel Taxes

If you are looking for the answer to **what is IFTA?** IFTA stands for International Fuel Tax Agreement. Under the Article of Agreement, section R910; it requires that all the licensees shall file a specific tax return for the tax reporting period. It should come with the base jurisdiction, by the due date. It is the key responsibility of every licensee to file timely tax returns. They need to pay for all the due taxes within the given time. All the licensees need to maintain proper records and tax calculations for the aforesaid purpose. Paying fuel taxes on time is a must for the company if they want to avoid late payment penalties. This is a specific process by that road taxes paid by the licensee for

petroleum fuel that used in commercial vehicles. These are allotted to the individual states and provinces where the fuel was used. These taxes go for the road maintenance costs of the state. When you work within a certain state, you may be free from the most complex tasks.

### **Facts about fuel tax calculation:**

If the vehicle fuels up in one state and drives into a bordering state, Fuel tax calculation becomes complicated. The trucking company owes fuel tax to the second state for every mile that they drive in that state. It is tedious to show in a report from exactly where you purchased fuel. You also need to show on the same report on how many miles were driven in each state. IFTA tax calculation is necessary to submit the exact report on time. The right calculation is also important if you want to avoid late paying or extra paying off your tax.

Manual tax reporting is difficult. There should be chances of error. Here comes the importance of [IFTA tax software](#). This Software is a technologically advanced tool. It not only manages all the important records but also assists in calculating IFTA taxes. For the trucking companies, this is the easiest and simplest option to check out. If you have a large fleet of vehicles, calculating IFTA miles for each of the vehicle is difficult.

## **Importance of tax calculation:**

Fuel tax calculation is a major part of the trucking business. Every trucking company needs to file tax returns as per the IFTA agreement. In order to their your trucking business smoothly, you need to keep yourself clean from any kind of faults in filing tax returns. To achieve this, trucking business owners rely upon smart software rather the manual fuel tax management.



## **Identify several types of complexities Involved in IFTA Tax calculation:**

- In order to manage the task of fuel tax calculation, management and filing tax returns, first you need to know the areas of complexities:
- The most complex aspect of this task is varying tax rated in different jurisdictions.

- You need to calculate the taxes individually for all the jurisdictions where your trucks have travelled and purchased fuel.
- It requires a lot of paperwork and manual filing of information from the driver's end.
- Generating overall tax returns based on the information available is time taking task.
- Human errors are more likely to happen if you calculate it manually.
- Using the software to ease your task
- The manual calculation and information filling is a tough task and so the tax filing.

### **Importance of having the software**

- Trucking business owners always felt the necessity for an automated solution that is cost-effective. It can handle the task perfectly.
- Trucking application developers have introduced recently the feature-rich tax management applications. This software provides sustainable results. Fuel tax software is important for the migration of available information for automated tax calculation. The filing process also helps in the purpose.

- With fuel tax software, companies can do better [trucking management](#) and can have an accurate calculation of their taxes. They just need to input the given parameters like IFTA miles covered in different jurisdiction and fuel records. The fuel tax software then calculates all the taxes for each jurisdiction. It prepares ready to file tax returns with just a few clicks on the mouse.

- With cutting-edge web application designed for them, fleet owners can follow all IFTA guidelines. They can file tax returns with ease and can forget all the worries and complexities involved.

If you want to know **what IRP is**, then it is the international registration plan designed for the registered vehicles only. IFTA tax software not only helps you in IFTA tax reporting but it also helps you in the IRP process. Basically, smart IFTA software is your all in one solution to make the trucking business tasks easier.

It can keep track of:

- Non-taxable and taxable usage of fuel
- Distance travelled for non-taxable and taxable use
- Distance recaps for each of the vehicles for each and every jurisdiction in that the vehicle operated
- Date of trips

- Destination and origin of the trip
- Route of the journey
- Miles by jurisdiction
- A vehicle identification number and so on.